

Message Text

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C O N F I D E N T I A L STATE 221452

LIMDIS

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TAGS: XC

SUBJECT: WEEKLY STATUS REPORT -- THAILAND, INDONESIA,
MALAYSIA, BURMA AND SINGAPORE AFFAIRS

GENERAL

SECURITY ASSISTANCE REVIEW (CONF)

THE SECURITY ASSISTANCE PROGRAM REVIEW WORKING GROUP
(SAPRWG) MEETING AUG 30 SUGGESTS A SATISFACTORY OUTCOME
FOR ALL TIMBS COUNTRY PROGRAMS. SUBJECT TO THE FALLOUT
FROM ISSUES WHICH MIGHT BE RAISED AT THE AECB LEVEL, ALL
PACKAGE 2 FMS AND IMET LEVELS FOR TIMBS COUNTRIES APPEAR
SAFELY WITHIN THE OMB MARKS ANNOUNCED AT THE MEETING.

INDONESIA

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SEC COMPLAINT - KATY INDUSTRIES (LOU)

THE SEC TODAY FILED IN COURT BOTH ITS COMPLAINT AGAINST
KATY INDUSTRIES AND A CONSENT DECREE. COPIES OF THE FINAL
COMPLAINT AND THE CONSENT DECREE, BOTH OF WHICH HAVE BEEN
UNDER NEGOTIAIION BY SEC WITH KATY, ARE NOT YET AVAILABLE
TO US BUT WILL BE POUCHED TO JAKARTA AS SOON AS RECEIVED.

PAC-INDO (CONF)

WE ARE WORKING ON A MEMO TO THE VICE PRESIDENT'S OFFICE TO BRING HIS STAFF UP TO DATE ON RECENT DEVELOPMENTS AND POTENTIAL PROBLEMS RELATING TO DOE'S CONSIDERATION OF THE PAC-INDO LNG CONTRACTS. DOE HAS PROMISED US A TELEGRAM SOON CLARIFYING EMBASSY JAKARTA'S QUERY ABOUT "MARITIME TRANSPORTATION ISSUES".

LOCKHEED L-100-30 SALE (LOU)

LOCKHEED REPS HAVE CALLED ON DEPARTMENT AND EXIM TWICE IN PAST WEEK TO ALERT USG TO LATEST DEVELOPMENTS IN L 100-30/TRANSVALL COMPETITION. FRENCH APPARENTLY HAVE MADE LAST MINUTE, HIGHLY SUSPECT, OFFER IN EFFORT TO KEEP ALIVE TRANSVALL'S CHANCES, AND REPORTEDLY HAVE MET WITH SOME SUCCESS. IMPENDING VISIT TO JAKARTA OF FRENCH FOREIGN MINISTER MAY GIVE FURTHER IMPETUS TO TRANSVALL'S CHANCES. FINANCING CONTINUES TO BE A KEY ELEMENT OF COMPETITION WITH FRENCH TERMS AS YET UNKNOWN BUT EXPECTED TO BE VERY SOFT. DEPARTMENT AND EXIM HAVE EACH ASKED EMBASSY TO ASSIST LOCKHEED IN DETERMINING EXACT NATURE OF FRENCH OFFER AND IN URGING GOI TO MAKE FINAL PURCHASE DECISION OF PURELY COMMERCIAL AND NOT POLITICAL BASIS.

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THAILAND

THAI POLITICAL UPDATE (CONF)

THE POLITICAL SCENE IN BANGKOK IS BECOMING MORE ACTIVE AS THE DEBATE OVER THE DRAFT CONSTITUTION HEATS UP AND A NEW MOOD OF STUDENT POLITICAL ACTIVISM STARTS TO EMERGE. THE CHAIRMAN OF THE CONSTITUTIONAL SCRUTINY COMMITTEE (CSC), LT. GEN. CHALOEMCHAI CHARUWAT, SUCCESSFULLY MANEUVERED THE CSC APPROVAL OF AMENDMENTS WHICH ALTER SIGNIFICANTLY THE DRAFT CONSTITUTION DESPITE EVIDENCE OF SERIOUS DIFFERENCES OF OPINION WITHIN THE CSC. THE REACTIONS OF THE NATIONAL ASSEMBLY MEMBERS, FORMER POLITICIANS AND THE PRESS HAVE BEEN EXTREMELY NEGATIVE TO THE CHALOEMCHAI-SPONSORED AMENDMENTS WHICH WOULD GENERALLY RESULT IN A REDUCTION OF THE POLITICAL PARTIES AND ELECTED REPRESENTATIVES. THE MOST CONTROVERSIAL OF THE NEW AMENDMENTS CHANGES THE PROPOSED LEGISLATURE FROM A BICAMERAL TO A UNICAMERAL BODY IN WHICH HALF THE MEMBERS ARE APPOINTED AND HALF ELECTED. ALTHOUGH CHALOEMCHAI IS RESPONSIVE TO KRIANGSAK, THE PM HAS APPARENTLY NOT TAKEN A ROLE IN THE OPERATIONS OF THE CSC. IN THE FACE OF THE

OPPOSITION STIRRED UP BY CHALOEMCHAI'S ACTIONS, HOWEVER, KRIANGSAK MAY BE FORCED TO TAKE A MORE ACTIVE ROLE. THERE

HAVE BEEN UNCONFIRMED REPORTS THAT CHALOEMCHAI IS RECONSIDERING THE UNICAMERAL LEGISLATURE AMENDMENT, AND THE EMBASSY BELIEVES THAT THE CSC DRAFT AMENDMENT MAY WELL BE SUBSTANTIALLY REVISED.

THAMMASAT UNIVERSITY STUDENTS HAVE ALSO BECOME MORE ACTIVE IN RECENT WEEKS, ALTHOUGH THEY ARE PREOCCUPIED WITH INTERNAL UNIVERSITY MATTERS AND NOT NATIONAL ISSUES. ON AUGUST 24 THAMMASAT UNIVERSITY STUDENTS ELECTED A NEW STUDENT UNION STRONGLY OPPOSED TO THE POLICIES OF THE CURRENT UNIVERSITY RECTOR. THIS COULD LEAD TO CONFLICT
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BETWEEN THE UNIVERSITY ADMINISTRATION AND STUDENT LEADERS. HOWEVER, IT IS UNCLEAR, GIVEN THE PEACEFUL NATURE OF THE ELECTIONS, WHETHER SUCH CONFLICT WILL MOTIVATE THE MAJORITY OF STUDENTS TO PARTICIPATE IN DEMONSTRATIONS OR OTHER POLITICAL ACTIVITY.

NATURAL GAS NEGOTIATIONS STATUS REPORT (LOU)

EMBASSY REPORTS THAT RTG AND UNION OIL SIGNED AGREEMENT AUGUST 17 EXTENDING UNION'S CONCESSION FOR BLOCKS 12 AND 13 IN GULF OF THAILAND UNTIL APRIL 23, 1982. THIS SUCCESSFULLY COMPLETES UNION'S EFFORTS TO EXTEND ALL ITS EXISTING CONCESSIONS IN THAILAND. THAI MINISTER OF INDUSTRY KASEM ALSO TOLD AMBASSADOR THAT HE EXPECTS SIGNING OF RTG-UNION NATURAL GAS PRICING AGREEMENT IN MIDDLE OF SEPTEMBER. THIS CONFIRMS WHAT NGOT DIRECTOR TOLD DESK OFFICER IN WASHINGTON LAST WEEK.

IN CONFIRMING ABOVE, UNION VP GREENWALT TOLD EMBASSY THAT PRICING AGREEMENT WILL CONTAIN ONE IMPORTANT "CAVEAT". IT WILL BE CONTINGENT UPON FAVORABLE RULING BY US IRS ON UNION'S FUTURE REQUEST FOR RELIEF ON DOUBLE TAXATION. GREENWALT FORESEES SMOOTH SAILING WITH RTG ON THE TAX ISSUE, THEREBY PAVING WAY FOR UNION TO SUBMIT PETITION FOR TAX RELIEF TO IRS IN ABOUT 30 DAYS TIME.

RTG-TEXAS PACIFIC NEGOTIATIONS ON A PRICE AGREEMENT AND EXTENSION OF CONCESSIONS ARE STILL IN EARLY STAGES. TP SENIOR VP MCCOY FORESEES PROTRACTED NEGOTIATIONS NOT ONLY WITH RTG BUT ALSO WITH ITS OWN PARTNERS. HE BELIEVES RTG-UNION AGREEMENT WILL TAKE POLITICAL PRESSURE OFF PETROLEUM COMMITTEE AND GIVE COMMITTEE GREATER LEEWAY TO DRIVE HARD BARGAIN WITH TEXAS PACIFIC.
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PERSONNEL (UNCL)

AMB. BEAN LEFT WASHINGTON AUG 29 FOR RETURN TO POST.
AMB. MASTERS LEAVES SAN FRANCISCO TODAY AND WILL BE BACK

IN JAKARTA FRIDAY. TIMBS, AFTER BEING ESSENTIALLY AT
HALF STAFF (HOPEFULLY ONLY IN PERSONNEL RATHER THAN
FLAGPOLE TERMS) FOR THE PAST THREE WEEKS, WILL BE AT FULL
STRENGTH NEXT WEEK AND PRESUMABLY BETTER ABLE TO RESPOND
TO LESS THAN HIGHEST URGENCY DEMANDS. CHRISTOPHER

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